

## HB 2070 -1, -2 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Prepared By:** Jaime McGovern, Economist

**Meeting Dates:** 4/7, 6/2, 6/9

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#### **WHAT THE MEASURE DOES:**

Extends privilege taxes on merchantable forest products harvested on forestlands. Takes effect on 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

-1 Replaces bill. Removes sunset of the Forest Products Harvest Tax (FPHT) . Establishes rates, and indexes for inflation for all components of FPHT, aside from that for Oregon Forest Resources Institute (OFRI). Removes rate setting designation for (OFRI) portion of FPHT by OFRI board of directors. Resets cap for OFRI portion of FPHT to 2020 dollars.

-2 Replaces bill. Removes sunset of the Forest Products Harvest Tax (FPHT). Establishes (FPHT) as single rate indexed to inflation. Allocates, based on current percentages, revenues from the FPHT to programs funded by the FPHT. Removes expenditure restriction on FPHT and General Fund for administering the Forest Practices Act. Adds allowable use of funds prioritized for administration of the Forest Practices Act to fire suppression, fire mitigation, forest health, habitat conservation.

#### **BACKGROUND:**

Currently, the FPHT is a combined tax rate, made of the following elements. For each thousand board feet, board measure (MBF):

\$4.1322 – Total Tax Rate per MBF (2020)

\$0.9000 – Forest resource research

\$0.6250 – Oregon Forestland Protection Fund

\$1.3872 – Administration of the Forest Practices Act

\$0.1000 – Forestry Education with Oregon State University

\$1.1200 – for Oregon Forest Resources Institute

The first 25,000 board feet harvest annually are exempt for any tax filer.